Brazil's Presidential Election

Updated November 16, 2018

Brazil—the fifth most populous country and ninth-largest economy in the world—held presidential, legislative, and state elections in October 2018. Antiestablishment sentiment carried the day, as voters elected Jair Bolsonaro, a far-right populist, to the presidency and replaced nearly half of congress. The results could have significant implications for Brazil's domestic policies as well as its relationship with the United States.

Domestic Context

The 2018 election took place as Brazil was struggling to emerge from a series of domestic crises. The country fell into a deep recession in 2014, due to a decline in global commodity prices and economic mismanagement under the center-left Workers Party (PT) government of President Dilma Rousseff (2011-2016). The unemployment rate more than doubled as the economy contracted by more than 8% from 2015 to 2016. Although economic growth returned in 2017, conditions remain difficult. Nearly 12% of the population is unemployed, and several million formerly middle-class Brazilians now live in poverty. Budget cuts have exacerbated the situation, limiting Brazilian authorities' capacity to provide social services and address challenges such as escalating crime and violence.

Brazil also is contending with the repercussions of massive corruption scandals. Since 2014, investigators have uncovered arrangements throughout the public sector in which businesses provided bribes and illegal campaign donations to politicians in exchange for contracts or other favorable government treatment. The revelations discredited much of Brazil's political establishment and contributed to the controversial impeachment and removal from office of President Rousseff in August 2016. These repeated political crises have polarized Brazilian society and significantly eroded Brazilians' faith in democracy.

President Michel Temer, who succeeded Rousseff, has been extremely unpopular. In October 2018, 89% of Brazilians disapproved of his administration. Temer's center-right government enacted several major economic reforms, including measures to freeze government spending for 20 years, weaken worker protections, and allow greater private sector participation in Brazil's oil sector. Those policies were applauded by international investors but had little support among the Brazilian people. Temer's efforts to shield himself from corruption charges further alienated the population.

Election Results

Brazilians' discontent with the political class manifested itself at the polls. In legislative elections, voters ousted 75% of incumbents running for reelection to the federal senate and 43% of incumbents running for reelection to the chamber of deputies. The new congress will be the most fragmented in Brazilian history, with 30 parties represented in at least one chamber.

In the presidential election, Jair Bolsonaro, a right-wing member of congress and former army captain backed by the Social Liberal Party, defeated the PT's Fernando Haddad 55% to 45% in a second-round runoff. Prior to his presidential campaign, Bolsonaro was considered a fringe figure in the Brazilian congress. He exercised little influence over policy and was best known for his controversial remarks defending the country's military dictatorship (1964-1985) and expressing prejudice toward marginalized sectors of Brazilian society. Bolsonaro also lacked the finances and party machinery of his principal competitors, and he largely remained off the campaign trail after he was stabbed in an assassination attempt on September 6. Nevertheless, Bolsonaro's social media-driven campaign and populist law-and-order message quickly attracted a strong base of support. He was able to outflank his opponents by exploiting anti-PT and antiestablishment sentiment and aligning himself with the few institutions that Brazilians still trust: the military and the church.

Policy Implications

President-elect Bolsonaro is to be inaugurated to a four-year term on January 1, 2019. His administration could usher in far-reaching changes to Brazil's economic and foreign policies and potentially could test the strength of the country's democratic institutions.

Economy

Many economists argue that Brazil's economic recovery depends on the incoming administration implementing extensive reforms, including measures to reduce the fiscal deficit, simplify the tax system, and liberalize trade flows. Bolsonaro embraced such policies during the campaign but previously had been a strong proponent of economic nationalism. His designated economy minister has indicated the administration's top priorities will be the enactment of a cost-reducing pension reform and the privatization of state-owned enterprises. Bolsonaro has expressed reservations about both initiatives, however, indicating he favors gradual changes to the pension system and opposes the sale of strategic companies such as the state-owned oil producer, Petrobras. Significant reforms also could run into opposition in Brazil's congress, where patronage-based parties will continue to hold a crucial bloc of votes. Any deterioration in the Brazilian economy could weaken demand for U.S. exports, which totaled $63.7 billion in 2017.

International Affairs

Preoccupied with domestic crises, Brazilian leaders have dedicated little attention to foreign affairs over the past five years. The new administration could reassert Brazilian influence abroad, particularly if the domestic situation stabilizes. Although Brazil traditionally has pursued an independent foreign policy, Bolsonaro has called for closer alignment with the United States. During the campaign, he indicated he would follow President Trump's lead in withdrawing from the Paris agreement on climate change, constraining Chinese trade and investment flows, taking a more confrontational approach toward the Cuban and Venezuelan governments, and moving Brazil's embassy in Israel to Jerusalem. Bolsonaro has since backed away from some of those positions in response to domestic and international criticism. The Trump Administration views Bolsonaro as a "likeminded leader," and President Trump has called for Brazil and the United States to "work closely together" on trade, defense, and other issues. Nevertheless,

 trade policy is likely to generate some bilateral tensions, as both leaders are inclined toward protecting domestic producers.

Democracy and Human Rights

Many observers are concerned that Bolsonaro may pose a threat to Brazil's democratic institutions. During the campaign, he pledged to purge his leftist political opponents from the country, classify land rights activists as terrorists, and give police greater freedom to kill suspected criminals. He also regularly attacked the press while surrounding himself with retired generals, several of whom are expected to serve in his Cabinet. Since his election, Bolsonaro has vowed to defend democracy and uphold the constitution. Those commitments could be put to the test, however, once Bolsonaro's agenda faces resistance from civil society or other branches of government.

Author Information

Peter J. Meyer
Specialist in Latin American Affairs

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